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October 8, 1998

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BEFORE THE FEDERAL ELECTION COMMISSION

Walt Roberts for Congress Committee  
FEC ID Number C00334219

Walt Roberts

MUR # 4818

**SENSITIVE**

COMPLAINT

COMES NOW Oklahoma Senators Don Nickles and James M. Inhofe and Representatives Steve Largent, Tom Coburn, Wes W. Watkins, J.C. Watts, Ernest Istook, Jr., and Frank D. Lucas bringing a Complaint pursuant to 2 U.S.C. § 437g(a)(1) alleging multiple serious violations of the Federal Election Campaign Act and U.S. Criminal Code. These Representatives may be contacted through their respective campaign committees, whose addresses are on file with the Commission and printed below their respective signatures.

**I. SUMMARY**

According to multiple news reports, Oklahoma Congressional candidate Walt Roberts appears to have illegally laundered up to \$217,500 through his personal bank account into his federal campaign coffers. These funds – first received by Roberts in the form of an uncollateralized, undocumented and still-secret \$67,500 loan and then realized as proceeds at an alleged “art auction” – constitute unlawful and excessive political contributions. Walt Roberts has either failed to report receipt of these funds entirely (art proceeds) or falsely and fraudulently reported these funds to the Federal Election Commission as a loan of “personal funds only” (cattle money). Roberts’ sham financial transactions and fraudulent campaign filings violate the most basic federal laws and merit swift Commission investigation and action.

**II. THE FACTS**

Democratic Congressional candidate Walt Roberts admits to receiving a \$67,500 loan “from a friend he refused to identify.” *See Ervin, “Roberts Fails to Appear for Interview,” Tulsa World, Sept. 6, 1998, at A-20.* According to Roberts’ own statements to the press, that loan was “made on a ‘handshake deal’ with no paperwork and no payments for a year.” *See Jenkins, “Walt Roberts Says Campaign Loan Was ‘Handshake Deal,’” The News Press, Sept. 13, 1998 at A3.*

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Roberts has repeatedly changed his story about when he received this "personal" loan. He has variously claimed to reporters that this secret loan came "the weeks between July 6 . . . and August 5," "[a]bout Aug. 1, after the required quarterly financial disclosure report was made," and "about sixty days before selling the cattle, which would mean he borrowed it in late May or early June." See Myers, "Demo Withholds Data on Funding Campaign," *Tulsa World*, August 27, 1998; NiBride, *Shawnee News-Star*, September 3, 1998; Casteel, "Campaign Loan Repaid in Full, Roberts Says," *The Daily Oklahoman*, September 30, 1998. Roberts did not report this loan to the FEC, nor did Roberts report the obligation in his personal financial disclosure statement signed July 6, 1998.

Roberts claims he used the \$67,500 loan to purchase cattle which were promptly resold -- at no profit -- but he "has repeatedly refused to disclose documents regarding the cattle sale or to name the people involved in the loan and the sale." See Casteel, "Numbers Don't Jibe In 3<sup>rd</sup> District Runoff," *The Daily Oklahoman*, Sept. 10, 1998 at 3; Ervin, "Walt Grabs Narrow Win," *Tulsa World*, Sept. 16, 1998 at A-3. On August 5 Roberts loaned his campaign \$67,500. See *Walt Roberts for Congress Amended Pre-Primary FEC Report, Schedule C* (attached). Roberts reported to the FEC -- under oath -- that "[t]he candidate used personal funds only to fund the loan from himself to the campaign." *Id.*

On September 30 Roberts claimed that the "personal" but still-secret loan underwriting his runoff campaign activities had been paid off. Roberts purported to have raised \$150,000 by selling 29 pieces of art work at an event "several weeks ago," money which also apparently went into Roberts' personal bank account to pay off the loans he has undertaken to finance his campaign. See Myers, "Roberts Says Loan is Paid Off," *Tulsa World*, September 30, 1998. Purchasers allegedly paid an average of roughly \$5,172 per piece of art work, and Roberts stated that certain sculptures "were purchased for as much as \$12,000 each." *Id.*

It is not clear that Mr. Roberts was in the business of selling art. Roberts did not report any income from the sale of artwork over the past two years on his personal financial disclosure report. Likewise, Roberts' extensive art collection (apparently worth \$150,000) failed to appear whatsoever on Roberts' personal financial disclosure dated July 6, 1998. It is unknown whether Roberts owned all of the pieces auctioned outright, whether anyone had joint ownership of the pieces, whether the art was donated or whether it was promised future art.

Most recently, Walt Roberts amended several of his campaign filings. Incredibly, he reduced reported expenditures by \$12,820 and reduced previously reported receipts by \$64,192. See Myers, "Roberts Shrinks Deficit," *Tulsa World*, Oct. 2, 1998. That is, previously reported expenditures and receipts no longer happened. Those amendments did not address, document or explain the alleged cattle loan and art sale.

### **III. THE LAW and APPLICATION**

#### **1. The Secret \$67,500 Loan Constitutes a Campaign Contribution 67.5 Times the Legal Limit that was Illegally Misreported to the FEC**

A loan to a federal candidate, other than a bank loan, is considered a contribution to the extent of the outstanding balance of the loan. 2 U.S.C. § 431(8)(A)(I). Thus the \$67,500 "loan" Walt Roberts received from his mystery "friend" constituted a campaign contribution 67.5 times the legal limit. In 1985 the Commission confirmed that "when a candidate receives a loan for use in connection with her campaign, the candidate receives such a loan as an agent of her authorized committee." See Advisory Opinion 1985-33.

The Commission has consistently rejected sham financial transactions concocted for the true purpose of financing campaigns. In Matter Under Review No. 4128, the Commission fined a candidate \$280,000 for receiving funds purportedly "for the purchase of the candidate's share of real estate investment property ... [when w]ithin days of receipt, the candidate deposited the funds into the committee's account as loans from the candidate." See FEC Record, July 1998 at 6. In that case the Commission held that the alleged third-party transaction "was not for a *bona fide* purchase of the property." Id.

In this case Roberts' alleged sham cattle dealings were clearly not bona fide business transactions. Even assuming his ever-changing stories to the press are accurate, Roberts owned the cattle for mere days and realized no profit from their resale. The third party loan itself - uncollateralized, undocumented and based upon a handshake alone - was hardly an arms-length transaction made on usual and customary terms. And 100% of the proceeds from this third-party "business" loan filtered through Mr. Roberts' personal bank account ended up in the campaign account before the end of the week. Roberts clearly received the secret loan for use in his campaign.

Federal criminal law further prohibits individuals from knowingly and willfully "mak[ing] any false, fictitious or fraudulent statements or representations. . . within the jurisdiction of any department or agency of the United States." 18 U.S.C. § 1001. The FEC is an "agency" within the meaning of section 1001, see U.S. v. Crop Growers Corp., 954 F.Supp 335, 354 (D. D.C. 1997), and each violation of this criminal statute could result in a fine of up to \$10,000, imprisonment of not more than five years, or both. Id.

Walt Roberts' reporting the \$67,500 infusion into his campaign as a loan of "personal funds only" is false, fraudulent and fictitious. These funds were not his own, but rather came from his "friend" whom he refuses to identify. Roberts' filing is knowingly inaccurate and violates the United States criminal code. 18 U.S.C. § 1001. Roberts should never have taken this illegal contribution, but his reporting it as personal funds compounded his malfeasance.

**2. *The \$150,000 Art Auction Proceeds Constitute Excessive Political Contributions that Should Have Been Reported to the FEC.***

Proceeds from candidates' art auction fund-raisers constitute campaign contributions, particularly proceeds that exceed fair market value. Thus it appears that the \$150,000 Roberts alleges to have realized from selling 29 pieces of art is mostly excessive and illegal. In Advisory Opinion 1980-34 (emphasis added) the Commission clearly stated:

it is the Commission's view that [a] Committee's sale of the artwork is fundraising activity since the funds so raised will be transmitted to and spent by the Committee to retire its outstanding obligations which were incurred for the purpose of influencing a federal election.

The fact that the sale was made independently of the campaign and that donors purchased "a valuable and aesthetically pleasing asset" did not change the FEC's opinion that a candidate's receipts from selling art amounted to campaign contributions subject to federal limits (\$1,000 per individual per election) and reporting requirements. *Id.*

In the matter at hand Walt Roberts has claimed that he owned and auctioned the art work himself – a private citizen selling sculptures to the highest bidders before entering high office. It is unknown whether Roberts owned outright all of the pieces auctioned, whether anyone had joint ownership of some or all of the pieces, whether the art was donated or whether it was merely promised future art. Some reports suggest that Roberts did not personally own the art or that he sold the art work at prices far above market value. For example, Roberts did not list any art work as assets on his personal financial disclosure filing, let alone \$150,000 worth. Nor had Roberts sold any art in the past two years. And Roberts has stated in the past that he resigned from state office because he needed money to pay family debts – unusual for an individual who could raise \$150,000 at a single auction.

Roberts has told reporters that the art auction occurred "several weeks" before September 30, 1998. And Roberts was under a legal obligation to report all campaign receipts of \$1,000 or more to the FEC within 48 hours between August 27 and September 12. *See FEC Oklahoma Reporting Notice*. Yet Roberts' campaign failed to report any donors who purchased art (and thereby made a contribution), in apparent violation of the law as well.

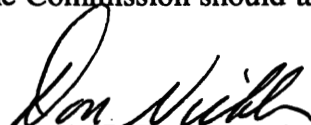
**V. PRAYER FOR RELIEF**

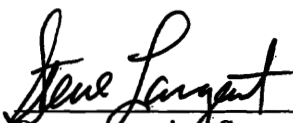
Walt Roberts' shady business transactions and public dissembling about them make a mockery of campaign finance laws and shred the most basic ethical requirements required of candidates. In Roberts' world there are no contribution limits at all – major donors can simply purchase artwork and provide secret cattle loans, all off the books and all without limit. That a candidate would even consider such arrangements raises serious questions about his judgment, character and respect for the law – questions properly put before the voters of Oklahoma.

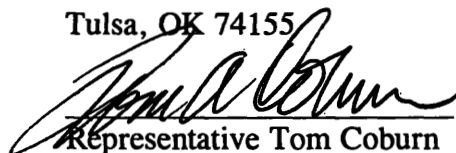
**Complaint Against Walt Roberts**  
**October 8, 1998**

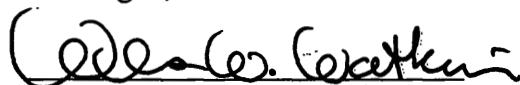
But Roberts' apparent violations of the law are properly brought before the Federal Election Commission and/or Department of Justice. Therefore we respectfully request that the Commission fully investigate the campaign activities of the Walt Roberts for Congress Committee with particular emphasis upon the unreported, excessive and unlawful third-party contributions that have come in the form of loans and payments to the candidate. Criminal violations should be referred to the Department of Justice's Public Integrity section.

The Commission and other federal law enforcement officials must do all they can to deter and punish such laundering campaign contributions through bogus financial transactions. The Commission should take immediate and appropriate action under 2 U.S.C. § 437g(d)(1).

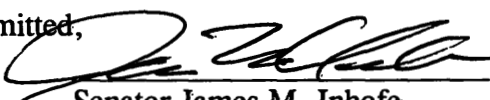
  
Senator Don Nickles  
100 N. Broadway, Ste 1500  
Oklahoma City, OK 73102

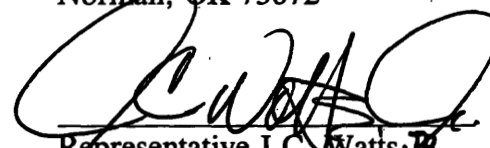
  
Representative Steve Largent  
Largent for Congress '98  
P.O. 54550  
Tulsa, OK 74155

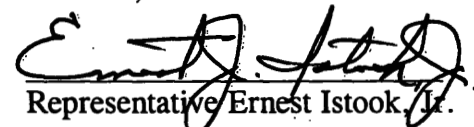
  
Representative Tom Coburn  
Tom Coburn for Congress Committee  
P.O. Box 504  
Muskogee, OK 74402


  
Representative Wes W. Watkins  
Wes Watkins for Congress  
P.O. Box WW  
Stillwater, OK 74076

Respectfully Submitted,

  
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3620 Barwick Drive  
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Representative J.C. Watts  
Friends of JC Watts '98  
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Representative Ernest Istook, Jr.  
Istook for Congress Committee  
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Oklahoma City, OK 73112

  
Representative Frank D. Lucas  
Lucas for Congress Committee  
P.O. Box 26825  
Oklahoma City, OK 73126

Signed and sworn to  
before me this 8<sup>th</sup>  
day of October, 1998.

  
NOTARY PUBLIC

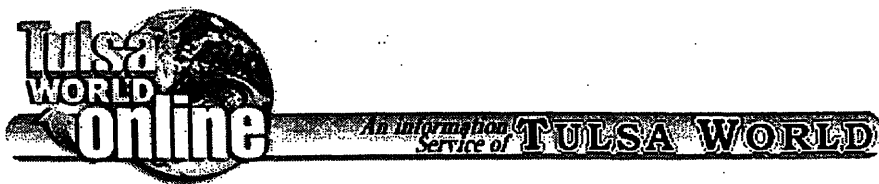
My commission expires:

TERRENCE J. McANDREW  
Notary Public  
District of Columbia  
My Commission Expires February 28, 2000

**Complaint Against Walt Roberts**  
**October 8, 1998**

**LIST OF ATTACHED EXHIBITS**

1. Ervin, "Roberts Fails to Appear for Interview," Tulsa World, Sept. 6, 1998 at A-20.
2. Jenkins, "Walt Roberts Says Campaign Loan Was 'Handshake Deal,'" The News Press, Sept. 13, 1998 at A3.
3. Myers, "Demo Withholds Data on Funding Campaign," Tulsa World, Aug. 27, 1998.
4. NiBride, "Walt Roberts Explains Money Source," Shawnee News-Star, Sept. 3, 1998.
5. Casteel, "Campaign Loan Repaid in Full, Roberts Says," The Daily Oklahoman, Sept. 30, 1998.
6. Casteel, "Numbers Don't Jibe In 3<sup>rd</sup> District Runoff," The Daily Oklahoman, Sept. 10, 1998 at 3.
7. Ervin, "Walt Grabs Narrow Win," Tulsa World, Sept. 16, 1998 at A-3.
8. Amended Pre-Primary FEC Report, Walt Roberts for Congress, Schedule C.
9. Myers, "Roberts Says Loan is Paid Off," Tulsa World, Sept. 30, 1998.
10. Myers, "Roberts Shrinks Deficit," Tulsa World, Oct. 2, 1998.
11. Federal Election Commission Advisory Opinion 1985-33.
12. FEC Record, July 1998, Matter Under Review No. 4128, at 6.
13. Federal Election Commission Advisory Opinion 1980-34.
14. Myers, "Cattlemen Say Walt Roberts Forced to Quit," Tulsa World, Sept. 2, 1998.
15. Federal Election Commission Reporting Notice for Oklahoma Candidates.
16. Walt Roberts' Personal Financial Disclosure Form, July 7, 1998.



Headline:

## **Roberts fails to appear for interview**

Author:CHUCK ERVIN World Capitol Bureau

### **Roberts fails to appear for interview**

*Questions still linger over Walt Roberts' campaign finances.*

McALESTER -- Third district congressional candidate Walt Roberts, who has been dodging reporters for a week, pulled a disappearing act Saturday after agreeing to meet with a Tulsa World reporter. A campaign aide said Roberts changed his mind after he was angered by a news story in the Tulsa World Friday morning. However, as late as Friday afternoon the same aide was saying Roberts would grant an interview Saturday or Sunday.

That had changed by Saturday afternoon.

Roberts, a former state House lawmaker from McAlester, has had trouble explaining how he has been able to put \$120,000 into his campaign when his financial disclosure form filed with the U.S. House of Representatives showed that he had less than \$18,000 income the first half of the year.

Roberts has revised and amended his story several times since reporters first questioned the campaign finance ledger.

The way he explains it, the numbers add up. Voters will have to decide if Roberts' explanation does.

They will have to take his word on the pertinent details. Roberts repeatedly has refused to present any documentation or provide the names of those who made the feat possible.

If he had showed up for the interview as he promised, these are some of the questions he would have been asked:

Did he commit a felony by selling cattle the first week in August, when a lien a McAlester bank held on his cattle wasn't released until the first week in September?

Is state Sen. Gene Stipe, D-McAlester, the mysterious benefactor Roberts claims loaned him \$65,000 he used to purchase cattle that were quickly sold, with the proceeds going to his campaign?

Was the private sale a one-party transaction, with the same individual selling the cattle to Roberts and then buying them back?

Was the whole transaction merely a smoke screen to mask an illegal campaign loan or at least a subterfuge to wire around federal election commission rules?

Roberts is locked in a political life-or-death struggle with State Sen. Darryl Roberts, D-Ardmore, for the Democratic nomination for U.S. representative.

The primary runoff Sept. 15 probably will be the political swan song for one of them.

The runoff winner faces an uphill race against U.S. Rep. Wes Watkins, R-Stillwater, in the Nov. 3 general election.

Walt Roberts finished ahead of Darryl in last month's primary election.

See ROBERTS > A-20 ROBERTS:

Roberts says loan

from his friend was

not a campaign loan.

FROM A-17 He and his supporters blame a series of Tulsa World news stories detailing his campaign finances for creating problems for him since then.

The campaign finance picture outlined by Roberts is in three parts.

In March, he put \$35,000 into the campaign he said came from the sale of horses and artwork.

The first week of August, he put in another \$67,500 he claims came from the private purchase and sale of cattle.

The week before the primary, he put in another \$17,000 he says came from consulting fees, auction appraisals and the sale of more artwork. Roberts is an auctioneer and western art sculptor.

In addition, Stipe, who is Roberts' main fund-raiser, along with attorneys associated with Stipe's law firm, several Stipe relatives and his political allies have given lavishly.

Stipe's law office in McAlester doubles as Roberts' campaign headquarters.

When he first was contacted by the Tulsa World several weeks ago, Roberts said the money he put into his campaign came from the sale of cattle. He made no mention of the sale of horses or art at that time.

For the first time last week, in an interview with the Shawnee News-Star, he revealed he was able to purchase cattle because of a \$65,000 loan from a friend he has refused to identify. He said he has a year to repay the loan.

There was no mention of the loan in a story published the day before in his hometown paper, the McAlester News-Capital and Democrat, and Roberts had not revealed the loan in previous interviews with the Tulsa World, other publications and the Associated Press.

Roberts said he received the loan about Aug. 1. He purchased and then sold cattle, he said, putting the proceeds into his campaign.

The transaction must have taken place almost immediately since his proceeds showed up on his FEC report Aug. 4.

The FEC prohibits loans from individuals other than family members and requires that all loans to campaigns come only from financial institutions, such as banks.

Loans from individuals other than family members are treated as contributions by the FEC, and no individual may contribute more than \$1,000 each election, or a total of \$3,000 for the entire election cycle in Oklahoma.

Roberts now claims he loaned the proceeds from the cattle sale to his campaign after first listing it as a contribution. He could not be repaid under FEC rules if it is a contribution. He can be repaid if it is a loan.

Roberts says the loan from his friend was not a campaign loan, although it was used to buy cattle whose sale proceeds went to the campaign.

The Bank N.A. of McAlester had a lien on file at the Pittsburgh County Courthouse on any cattle owned by Roberts or acquired by him until he paid off a note the bank held. The lien was not released until Tuesday, Sept. 1, about a month after Roberts sold the cattle and put the proceeds into his campaign.

Bank President John Freeman refused to comment when asked if the note had been paid before the date the release was filed at the courthouse.

"I have no comment other than what the public records reflect," he said.

Don Hoover, a Darryl Robert campaign consultant, said he doesn't believe there were any cattle. But if Walt Roberts is telling the truth, he may have violated state law by selling mortgaged property.

Chuck Ervin can be reached at (405) 528-2465.

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# STATE/NATION

A3

## Walt Roberts says campaign loan was 'handshake deal'

By Ron Jenkins  
Associated Press Writer

OKLAHOMA CITY (AP) — Democratic 3rd Congressional District candidate Walt Roberts says the loan financing much of his campaign was made on a "handshake deal" with no paperwork and no payments for a year.

"I know that sounds unusual," Roberts said. "But I've always held up my end of the deal."

Roberts continued to refuse to name the friend who made the loan that provided much of his campaign's early financing during an interview with the Tulsa World on Friday.

He did say he borrowed another \$50,000 from a McAlester firm for a television advertising blitz.

He said the money came from

McAlester Industrial Corp., a loan company headed by McAlester attorney Bill Layden, a longtime friend and political ally of state Sen. Gene Stipp. D-McAlester, Roberts' mentor and primary fund-raiser.

Roberts' runoff opponent, state Sen. Darryl Roberts of Ardmore, earlier had questioned where Walt Roberts got about \$40,000 for the weekend Oklahoma City advertising campaign.

Darryl Roberts said his opponent appeared to be "thumbing his nose at the public, the press and the law."

He called on the former legislator from McAlester to "explain to the people of the Third District where he is getting large amounts of cash to dump into his campaign in the closing days of the runoff election."

"Today, we learn Walt has dumped

another \$40,000 into a weekend Oklahoma City television advertising blitz," Darryl Roberts said. "How can this be when Walt's latest report to the Federal Election Commission shows his campaign with a \$28,000 deficit?"

In an interview earlier this week with the McAlester News-Capital & Democrat, Walt Roberts again said he had done nothing wrong.

He said he would be happy to respond to "accountable authorities" about his campaign finances.

In his latest report to the FEC, Walt Roberts said his campaign balance was a negative \$28,139.

On Aug. 5, he reported having \$118,575 and raising \$59,677 over the next three weeks, but spending \$206,392.

In the same report, he said he raised

\$438,466 this year, counting loans, but has spent only \$407,155, which should leave him with cash on hand.

Earlier this week, a FEC spokeswoman said the report is likely to prompt questions from the agency, which oversees campaign election laws.

"You can't have a negative cash on hand," Kelly Huff said. "You either have zero cash on hand and debt, or you have cash on hand" and, possibly, debts.

"Absolutely unbelievable," was how Darryl Roberts described his opponent's campaign finances.

"A man who makes \$17,000 in income finds more than \$120,000 in personal funds to help pay for his primary campaign — and now this. It's ridiculous."

Walt Roberts has said he sold sculptures and cattle to raise much of the

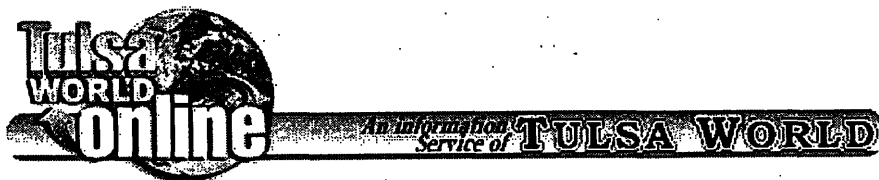
money he put in his campaign.

"Not only did Walt fail to report he owned any cattle on his financial disclosure statement, he also failed to report owning any artwork," Darryl Roberts said. "The man couldn't tell the truth if his life depended on it."

Walt Roberts said Friday he may have erred by not listing his art molds in federal elections paperwork.

Walt Roberts finished first in a field of four in the Aug. 25 primary with 37 percent of the vote to Darryl Roberts' 31 percent. The winner will challenge incumbent Republican Rep. Wes Watkins of Stillwater.

Since the August election, Darryl Roberts has picked up endorsements from the other two candidates in the field — Bill Anoatubby of Ada and Tony Litterland of Shawnee.



Headline:

## **Demo withholds data on funding campaign**

Author: Jim Myers World Staff Writer

Democratic congressional hopeful Walt Roberts refused Wednesday to provide documents on a private cattle sale that provided more than \$60,000 to fund his primary campaign.

"I sold that cattle. I explained that to you," Roberts said in a telephone interview.

"I don't know what is going on. I think this is unfair treatment."

He also offered a new explanation as to why the 96 head of cattle were not on his financial disclosure form he filed in July with the U.S. House of Representatives.

On Tuesday, after finishing first in the Democratic primary, Roberts said the absence of the cattle on the form he signed was a mistake, which he blamed on people working for him who were not familiar with agriculture.

They listed horses instead of cattle, he said.

On Wednesday, however, Roberts said the cattle were not on the form because he did not own them at the time he filed the form.

He said he bought and sold the cattle in the weeks between July 6, when he signed the five-page form, and Aug. 5, when he put the \$67,500 into his campaign.

Still, Roberts said a certified public accountant was working on an amendment to the financial disclosure form to cover the cattle.

"Hell, I don't know that I need to amend anything," he said, when asked why such a change was necessary if he did not own the cattle at the time he filed the form. "We are meeting the requirements on everything."

Even though he refused to provide copies of the sale documents or reveal the names of those who bought the cattle, Roberts insisted that he is not trying to hide anything.

"I am honest. I have got integrity," he said. "I would not do anything that would violate the law or do anything unethical."

He went on to say he was being held to a standard that was not being applied to either his runoff opponent, state Sen. Darryl Roberts, or the incumbent, GOP Rep. Wes Watkins.

"When Darryl Roberts and Wes Watkins open up their files, I will," he said.

He blamed the questions being raised about the contributions to his own campaign, which now total \$103,200, on his runoff opponent.

Darryl Roberts said the campaign funds would be an issue in the runoff.

Walt Roberts also suggested that the Tulsa World, which first reported the sizable contributions he made to his own campaign, might support either Darryl Roberts or Watkins.

On Saturday, the Tulsa World reported that Walt Roberts earned less than \$20,000 according to his financial disclosure form but had contributed \$103,200 to his campaign so far.

His latest campaign report with the Federal Election Commission showed that the money was a contribution, not a loan, which bars his campaign from ever paying Roberts back.

Roberts said that was a mistake, and that the latest contribution from the cattle sale should have been a loan.

On his financial disclosure form filed with the House, he put his earned income as of July 6 at \$17,251, with \$1,000 of that coming from trading horses and the rest from auction commissions.

Last year, Roberts reported an income of \$64,862 from the same two sources.

He also received compensation for consulting services from the Stipe law firm in McAlester and Kiamichi Electric Co-Op in Wilburton but was not required to specify exactly how much.

As assets on the report, Roberts listed an auction building worth between \$50,000 and \$100,000 and horses valued between \$15,000 and \$50,000.

He reported debts of between \$110,000 and \$300,000.

Roberts said the cattle he sold were free of debt.

*Jim Myers can be reached at 581-8400.*

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# COMMUNITY



Web posted Thursday, September 3, 1998

## Walt Roberts explains money source

By PAULA niBRIDE  
SNS Staff Writer

Third District Democratic Congressional candidate Walt Roberts said Wednesday there's no secret to the source of the funds used recently to boost his campaign coffers.

He filed an amended financial disclosure statement with the federal government Wednesday which shows the funds came from the sale of cattle.

Roberts, who was in Shawnee on a "thank you tour" for Democratic supporters, was accused last week of financial malfeasance by his run-off opponent, Darryl Roberts.

According to reports, Darryl Roberts publicly demanded an explanation for the fact that Walt Roberts has, to date, put more than \$120,000 of his own money into the campaign while claiming only \$17,251 in earnings.

There's a simple explanation for the apparent discrepancy, said Walt Roberts.

"At the beginning of the campaign, I put in \$35,000 of my own money," Roberts said.

He then added about \$17,000 in earnings gained earlier this year from business transactions such as the sale of artwork, Roberts said. His Western sculptures sell for between \$1,000 and \$10,000, he added, and Roberts is also an auctioneer who receives consulting fees.

Last month, the sale of some cattle netted about \$65,000, Roberts said. He said that he buys, sells, and trades cattle both as a business venture and as a broker for other investors.

The number of cattle he owns can change on a daily basis, Roberts said. At one point, his financial disclosure form listed no cattle assets because an office assistant had mistakenly listed them as

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horses, according to Roberts:

About Aug. 1, after the required quarterly financial disclosure report was made, Roberts received a loan from a friend to purchase more cattle, the candidate said. The loan was not connected to his campaign, he added.

"I'm not a lawyer, and I'm not rich," Roberts said, "so I knew only one way to put money in my campaign. I bought and sold some cattle."

The proceeds from the sale of the cattle were put into the campaign, Roberts said, and the business loan is still outstanding. However, the loan is not due for a year, Roberts said.

"And that makes about \$120,000," Roberts said. "I haven't done anything immoral or unethical, and I can account for every dime that's been spent in this campaign. Everything's been twisted and blown out of proportion."

Federal laws do not limit the amount of money candidates can spend on their own campaigns, but a loan for a political campaign must be made through a financial institution such as a bank. Business loans and other business transactions do not have to be made public.

Roberts will not reveal the name of the person who loaned him the funds to buy the cattle but did say the investor does not live in Pontotoc County.

And Roberts says his opponent's demands to make the transaction public is "not fair."

"If Darryl Roberts makes his law practice open, shows the public who his clients are and how much money he got from them, I'll do the same," Roberts said.

Media reports that the cattle sold were mortgaged by the Bank N.A. of McAlester were inaccurate, Roberts said.

"I have a letter from the bank and a lien release which was issued Tuesday," Roberts said. The agreement with the bank is a standard contract which allows him to easily borrow money to invest in cattle, he added.

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## Campaign Loan Repaid in Full, Roberts Says

09/30/1998

*By Chris Casteel*  
Washington Bureau

WASHINGTON -- In a chance meeting with reporters at a Capitol Hill restaurant, congressional candidate Walt Roberts said Tuesday that he had repaid a \$67,500 loan he made to his campaign in August.

Roberts, a Democrat running for the 3rd District House seat held by Republican Rep. Wes Watkins, said he raised \$150,000 selling his artwork at an auction in McAlester earlier this month.

Roberts didn't say specifically whether he repaid the friend who originally loaned him the \$67,500.

The money was listed on a campaign contribution report as a personal loan from Roberts. Roberts has said that he first used the money from his friend to buy cattle.

He then sold the cattle, he said, for \$67,500 and put that money into his campaign, without repaying his friend.

Though Roberts added details to previous explanations about the loan, those details raised new questions about documents he has been required to file with federal offices.

He attributed that to the fact that others working for the campaign have been filling out his reports. "I wasn't as attentive to it as I should have been," he said.

Roberts, who was in Washington to raise money for his general election campaign, also apologized to reporters from The Oklahoman and Tulsa World for not returning phone calls in the past month seeking comments about his finances.

Reporters from both papers have tried repeatedly to get Roberts on the phone and have driven to scheduled campaign events to find him. In most cases, the attempts to speak with him were unsuccessful.

"I apologize for being so elusive," Roberts said. "I was trying to fight for my life, gentlemen."

24 OCT 1998 14:43

He agreed to meet with the two Washington-based correspondents again today.

Roberts, of McAlester, defeated state Sen. Darryl Roberts of Ardmore in a Democratic runoff earlier this month to win his party's nomination.

The brief interview Tuesday was the result of a bizarre coincidence.

The reporters were scheduled to meet Watkins at a Mexican restaurant a few blocks from the Capitol. An aide to Watkins had said he wanted to discuss his campaign against Roberts. Many members are reluctant to talk about their races in their congressional offices.

Roberts happened to be at the restaurant finishing his lunch when Watkins and the reporters arrived there. Watkins first turned and walked away, but then went back to Roberts' table and greeted him. Then he went back to his office.

Wearing a dark blue Brooks Brothers suit, Roberts told reporters that he has had to tap numerous sources for the \$170,000 in personal loans and contributions he has made to his campaign.

The most recent loan, \$50,000 made Sept. 10, came from a lending institution in McAlester that normally finances industrial projects, he said.

The loan is a second mortgage on an auction building he owns in McAlester, he said.

Roberts said that he had been to the Federal Election Commission on his current trip to Washington to explain some of the questions that agency has raised about entries in his campaign contribution reports.

In a letter to Roberts' campaign last week, the commission said that the current status of the \$67,500 loan should be listed on every subsequent campaign contribution report.

Roberts has said previously, in reports by various newspapers, that he borrowed \$67,500 from a friend, bought cattle, sold the cattle without repaying the friend, and then put the money into his campaign.

He has declined to identify the friend, though he told one paper that it was not state Sen. Gene Stipe, the McAlester Democrat who has been a major backer for Roberts.

Roberts originally listed the \$67,500 as a personal contribution, but later amended that to a personal loan.

On Tuesday, Roberts said he borrowed the money about 60 days before selling the cattle, which would mean he borrowed it in late May or early June.

And he said he didn't buy the cattle immediately after getting the loan -- that it took a while to put the deal together. Roberts said he borrowed the money

specifically to buy the cattle.

"They were all breeder cows and I was going to calve them out this fall," he said. However, he said, the severe drought made him decide to sell them earlier than he planned.

Darryl Roberts, no relation, has questioned whether the cattle ever existed and referred to them as "phantom cattle."

Walt Roberts, who has refused to show reporters a bill of sale for the cattle, said Tuesday that the cattle existed and had been on a ranch in McAlester.

"I understand how it appeared," he said.

Federal law would have prohibited Roberts from taking the money from his friend and putting it directly into his campaign. Loans from campaign donors are limited to the same amount as individual contributions -- \$1,000 per election.

A financial disclosure form filed with the House of Representatives in early July lists neither the cattle nor the \$67,500 as assets, though. According to his timetable, he would have possessed either the cattle or the money at the time the report was filed.

The disclosure form also doesn't list the artwork Roberts said he sold for \$150,000. He said Tuesday that artwork should have been included on the form.

Roberts said he sold replicas of a bronze racehorse sculpture that he had been commissioned to create.

Roberts' first personal contribution to his campaign was \$200 on Feb. 20. He made a personal contribution of \$35,500 on March 31; a loan of \$67,500 on Aug. 8; a loan of \$17,500 on Aug. 21; and a \$50,000 loan Sept. 10.

A loan of \$17,000 was reported Aug. 17, but Roberts has not explained whether that was a correction of the Aug. 21 entry or a separate loan.

The Federal Election Commission also has asked Roberts to explain why his campaign reported a deficit of more than \$28,000 in September.

"This suggests that you have overdrawn your account, made a mathematical error or incurred a debt," the commission said in a letter to his campaign.

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## Numbers Don't Jibe In 3rd District Runoff

09/10/1998

By Chris Casteel  
Washington Bureau

WASHINGTON -- Congressional candidate Walt Roberts has filed a campaign contribution report that raises more questions about his accounting and funding in the race for the Democratic nomination in the 3rd District.

On a contribution statement that covers Aug. 6-26, Roberts reported that his campaign balance -- represented by "cash on hand" -- was a negative \$28,139.

He reported having \$118,575 Aug. 5 and raising \$59,677 over the next three weeks, but spending \$206,392.

However, on the same report, he says he has raised \$458,466 this year, counting loans, but has spent only \$407,155, which should leave him with cash on hand.

A Federal Election Commission spokeswoman said the report is likely to prompt questions from the agency, which oversees campaign election laws.

"You can't have a negative cash on hand," Kelly Huff said. "You either have zero cash on hand and debts, or you have cash on hand" and, possibly, debts. "How can you have negative money? If that's the case, we will question them on that."

Roberts, of McAlester, is facing state Sen. Darryl Roberts of Ardmore in the runoff election Tuesday to decide the Democratic opponent for incumbent Rep. Wes Watkins, R-Stillwater.

Walt Roberts did not return a phone call Wednesday seeking an explanation of the report, which has other confusing entries that may be attributable to an unorthodox accounting system.

The report also seems to include another \$17,000 loan from the candidate, which would bring the total of Walt Roberts' personal loans and contributions to the campaign to \$137,500 for this year.

He didn't report the loan on the 48-hour reports that were due in the days leading up to the Aug. 25 primary. However, he did include a \$17,500 loan

made Aug. 21 on one of the 48-hour reports.

The \$17,000 loan was made Aug. 17, according to his latest report. It is not clear from the documents whether the two loans are the same and a mistake was made in the amount and date for one. In a recent interview with a McAlester newspaper, Walt Roberts said he had put about \$120,000 of his personal funds into the campaign.

On his latest Federal Election Commission statement, he reports the campaign's debt as \$84,500, though, on previous reports, he has only listed the \$17,000 and \$17,500 amounts as loans.

The latest report also includes several contributions that were just under \$1,000, meaning that Walt Roberts didn't have to put them in the 48-hour reports.

Many of those were made by employees of the law firm of state Sen. Gene Stipe, D- McAlester, who has been a strong backer and longtime benefactor of Walt Roberts.

Walt Roberts has given varying accounts of how he came by the money. He has said he sold cattle and artwork for much of it.

He first denied that he owed any money on the cattle he sold. However, he recently told a Shawnee newspaper that he borrowed the money from a friend to buy the cattle, then sold the cattle and put the proceeds into his campaign. He told the paper that he didn't pay his friend back after selling the cattle.

Walt Roberts has repeatedly refused to disclose documents regarding the cattle sale or to name the people involved in the loan and the sale.

In a story in the McAlester paper Wednesday, Walt Roberts said the money did not come from Stipe. He and Stipe had previously refused to disclose whether the senator loaned Walt Roberts the money.

In that same story, Walt Roberts said he had "filed the necessary paperwork" with the election commission about the \$67,500 contribution he made Aug. 8.

However, he is now calling the money a loan to his campaign, though he reported it as a contribution, meaning it couldn't be paid back to Roberts.

The latest report shows that, on Aug. 10, two days after making the \$67,500 contribution to his campaign, he paid his advertising firm \$67,500.

Walt Roberts' new submission to the commission also raises questions about how the campaign is doing its arithmetic.

On his previous report, which covered July 1 - Aug. 5, Walt Roberts' contributions for the year were \$319,339. However, on his latest report, he said he raised \$59,677 for the three-week period, but his year-to-date total rose to \$458,466.

It is a discrepancy of \$79,450.

However, for some reason, if you subtract the total operating expenditures -- \$407,155 -- from the total contributions -- \$458,466 -- and add in the negative cash on hand -- \$28,139 -- you get \$79,450.

Meanwhile, Darryl Roberts reported that his campaign had \$9,389 as of Aug. 26. Roberts started the period with \$37,334 and raised \$109,659. He reported spending \$147,000 in the three- week period and having \$9,369 in cash on hand at the end.

Darryl Roberts reported having about \$69,000 in campaign debts. About \$52,000 came from loans he received from a bank; the rest is money that an Edmond man claims is owed to him from Roberts' 1996 campaign for Congress. Dusty Martin recently filed a lawsuit in Oklahoma County, saying Darryl Roberts owes him the money for signs made in 1996. He disputes that he owes the money.

The 2nd Congressional District runoff for Democrats has been relatively cheap and much less confusing, according to the pre-runoff reports filed by the candidates.

Kent Pharoah, a Henryetta rancher and businessman, had \$4,357 at the beginning of the period and raised \$31,026. He spent \$31,980 and had \$3,404 in cash at the end. Pharoah loaned his campaign \$20,000 during the period; he previously loaned \$30,000 to the campaign.

Isabel Baker of Tahlequah had \$10,408 at the beginning of the period and raised \$8,045. She spent \$16,940 and reported having \$1,513 left in cash the day after the primary.

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# Walt grabs narrow win

Voters decide the war of the Robertses

By Chuck Eavin  
World Capitol Bureau

*June 9, 1968*

OKLAHOMA CITY — Former state Rep. Walt Roberts of McAlester, whose controversial campaign finance machinations sparked fireworks in the 3rd District Democratic runoff for Congress, defeated state Sen. Darryl Roberts in a close race Tuesday.

Walt Roberts pulled into a narrow lead early. With all precincts reporting, Walt Roberts had 31,228 votes, or 53 percent, while Darryl Roberts received 28,168 votes, or 47 percent.

The two candidates are not related.

Walt Roberts will face the well-rested and well-financed Republican U.S. Rep. Wes Watkins, R-Okla., in the Nov. 3 general election. Watkins, who is expected to spend \$1 million or more in the campaign, is seeking his second term as the Republican congressman in the sprawling district that runs from McClurtain County to Payne County.

He previously represented the district for 15 years as a Democrat before bolting from the party and joining the GOP.

Darryl Roberts, a veteran state senator from Ardmore, gave up his legislative seat to make the race. It was his second straight defeat. He won the Democratic nomination two years ago but lost to Watkins in the general election.

His campaign stressed his legislative work on education funding, his combat service as a machine in Vietnam and his support for social security.

Walt Roberts charged his opponent with voting for numerous tax increases during his years in the Senate. Darryl countered by pointing out that both he and Walt had voted for one of the largest tax increases in state history — a major tax hike that financed the landmark House Bill 1017 education reform package.

Darryl Roberts, who trailed Walt in the primary, was badly outspent in the runoff. The mastermind and chief fund-raiser of Walt Roberts' campaign was state Sen. Gene Stipe, D-McAlester, a key supporter of Darryl Roberts two years ago.

Walt got an early start, announcing his candidacy several months before Watkins said he would not run because of ill health. Before he changed his mind



Walt Roberts, the Democratic nominee for 3rd District Congress, receives congratulations from Nita Magdelena as Basulah Vernon looks on at his McAlester watch party.

STEPHEN PINGRY/Tulsa World

and re-entered the campaign, Darryl Roberts and Chickasaw Gov. Bill Anoatubby announced their candidacies.

Darryl Roberts had hoped for a boost when he was endorsed by Anoatubby and Oklahoma Baptist University professor James Tony Litherland, who lost in last month's primary.

The Democratic family feud in the 3rd District provided a great deal of interest in a somewhat lackluster election campaign.

Darryl Roberts accused his opponent of lying about

his campaign finances, and his media consultant called it "funny money" after a series of Tulsa World stories pointed out discrepancies in reports he filed with the Federal Election Commission.

The first questions were raised after Walt Roberts filed reports showing that he had put some \$120,000 into his own campaign when he listed income of less than \$10,000.

He said the money came from the sale of cattle, although he had listed no cattle on a financial disclosure.

See WALT A-3

3000 000 10 10

# WALT:

Walt Roberts' campaign funding has been the focus of much debate.

FROM A-1

sure report that he filed with the U.S. House of Representatives.

Roberts said a campaign aide had incorrectly listed cattle as horses on the financial disclosure statement.

His story kept changing as new questions arose. At various times, he said he sold horses and artwork to raise more money, although he listed no artwork among his assets on the financial disclosure statement.

The biggest infusion of cash came from the sale of cattle that Walt Roberts said he bought with a \$67,500 loan from a friend he repeatedly refused to identify. He did not reveal the loan until late in the campaign.

He later said he did not have to sign a note and did not have to make

payments on the note for a year.

There were no records to verify the private transaction. Walt Roberts said there was no profit on the cattle sale and that he bought and sold them for \$67,500.

Roberts denied selling mortgaged property, although a McAlester bank held a lien on his cattle. He said the lien was related to a trading account he had at the bank and that the cattle he bought with the loan from his friend were not covered.

The lien on file at the McAlester Courthouse was not released until a month after the cattle were sold, and Walt Roberts said it was for all cattle he had or would acquire.

Darryl Roberts also demanded to know where Walt got \$40,000 that he used to buy television advertising during the last week of the runoff campaign.

Walt Roberts said he borrowed \$50,000 from a McAlester loan company owned by a longtime friend and political ally of Stipe and used \$40,000 of that to fund the television ad.

Chuck Ervin can be reached at (405) 528-2465.

**SCHEDULE C**  
(Revised 3/80)**LOANS**Page 1 of 1 for  
LINE NUMBER 10  
(Use separate schedules  
for each numbered line)

Name of Committee (in Full) <b>Walt Roberts for Congress</b> C00334219			
A. Full Name, Mailing Address and ZIP Code of Loan Source <b>Walt Roberts</b> <b>P.O. Box 3301</b> <b>McAlester, OK 74502</b>	Original Amount of Loan <b>\$67,500.00</b>	Cumulative Payment To Date <b>0.00</b>	Balance Outstanding at Close of This Period <b>\$67,500.00</b>
Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>8/5/98</u> Date Due <u>12/31/98</u> Interest Rate <u>0</u> % (apr) Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code <b>NOTE: The candidate used personal funds only to fund the loan from himself to the campaign.</b>	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source		Original Amount of Loan	Cumulative Payment To Date
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr)			Secured
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			<b>\$67,500.00</b>
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

4-00148



## Roberts says loan is paid off

By Jim Myers World Washington Bureau  
9/30/98



*Walt Roberts*

The loan has been the source of many questions related to the candidate's campaign finances.

WASHINGTON -- Democratic congressional nominee Walt Roberts, whose campaign has been dogged by questions surrounding a \$67,500 cattle loan whose proceeds ended up in his campaign account, said Tuesday that the loan has been paid off.

Roberts said the loan was paid with proceeds from an auction of his artwork, which brought in \$150,000. He said he auctioned off 29 pieces of art at an event in

McAlester several weeks ago.

Several of the pieces were replicas of a sculpture that he completed and sold previously, and he said they were purchased for as much as \$12,000 each.

"I sold some pieces I never would have sold," Roberts said.

He once again declined to identify the person who, he said, originally loaned him the money to purchase cattle; Roberts has described the transaction as a "handshake" deal.

A number of other questions have been raised about his campaign's finances, most of which grew out of the changing explanations that the 3rd District congressional hopeful offered when he was asked about the origin of the \$67,500 loan, which mistakenly began as a contribution.

Roberts said he would sit down and provide documentation to the press about all aspects of his campaign finances, including a second loan for \$50,000 that he received from a McAlester loan company.

He is scheduled to leave Washington on Wednesday.

Upset over coverage that his campaign has received in the Tulsa World, Roberts has refused numerous requests for interviews in recent weeks.

In an odd turn of events, reporters ran into him at a Capitol Hill restaurant as they were headed for a press event scheduled by his Republican opponent, incumbent Rep. Wes Watkins.

When Watkins appeared, the two men greeted each other cordially, and then the congressman retreated to allow a reporter to continue talking with Roberts.

Roberts eventually agreed to be interviewed for several minutes before his next appointment.

He said the Federal Election Commission, which had raised questions last week about his campaign reports, including the status of the \$67,500 loan, is now satisfied with his explanation.

Additional documents will be filed with the FEC, Roberts said.

An FEC analyst never asked questions about the origin of the loan, just what happened to it.

"It was my money as far as they are concerned," Roberts said.

In what could be his most detailed explanation of the loan and how its proceeds ended up in his campaign, Roberts said he never intended that money to be used in his campaign.

He said the loan was for purchasing cattle, adding that he routinely buys and sells hundreds of head of cattle within a year.

Unable to come up with an exact date, Roberts said he took out the loan a "couple of months" before buying the cattle, which he did several weeks before selling them again and putting the money in the campaign instead of paying off the loan.

Federal campaign laws allow congressional candidates to accept campaign loans from individuals, but they are treated as contributions, which limits them to \$1,000 per election.

Roberts, who first contributed the \$67,500 to his campaign and then changed that to a loan, clearly views the money as personal funds.

His new explanation triggered additional questions, however.



Roberts was asked why he did not report the \$67,500 in cash in July when he filed his financial disclosure form with the U.S. House of Representatives.

That document also does not include any reference to the "handshake" loan.

Roberts conceded that mistakes were made on both his financial disclosure form to the House and his campaign reports to the FEC. "Probably I was not as attentive as I should have been," he said.

In addition to responding to FEC questions on the \$67,500 loan, as well as to why his campaign was in the "red," Roberts said he had been in contact with the House clerk concerning his financial disclosure form.

As he was leaving the restaurant for a meeting with the Teamsters, the former state representative again said he would call reporters to provide more details about his campaign finances.

"I apologize for being elusive," Roberts said. "I'm trying to fight for my life."

*Jim Myers can be reached at (202) 484-1424.*

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## Roberts shrinks deficit

By Jim Myers World Washington Bureau  
10/2/98

### The candidate's amended financial reports eliminate the \$28,139 shortfall

WASHINGTON -- Walt Roberts' congressional campaign erased a \$28,139 deficit by producing a slew of amendments to financial reports filed in 1998 with the Federal Election Commission.

The new documents handed over to the FEC show that Roberts' campaign went from \$28,139 in the red to \$28.59 in the black at the end of August.

It was able to accomplish that by making what appear to be minor bookkeeping corrections in FEC documents dating back to April, deciding that it actually spent \$12,820 less than it originally reported for the year so far and listing \$11,138 in debts not previously reported.

Most of those debts are for advertising buys, which Roberts' campaign earlier had indicated had been paid.

They include more than \$3,500 to six radio stations in the 3rd District and another \$3,000 to the Oklahoma Press Service.

Roberts' campaign has been plagued with questions about its financing, and the report that initially listed the \$28,139 deficit drew the attention of the FEC.

The agency informed the campaign that it could not report a deficit, suggesting that its math should be checked or debts not reported should be listed.

Roberts, who has ducked questions from the press on his

campaign financing, told reporters at an impromptu interview at a Capitol Hill restaurant earlier this week that the FEC's questions have been answered.

A handwritten note signed by "Annie" that accompanied the amendments to the agency expresses similar confidence.

"If anyone ever audits us . . . tell them come right ahead!" the note reads.

Roberts' amended report also listed as a campaign loan the \$67,500 that initially began as a "handshake" loan from an unidentified friend for cattle but ended up being spent in the campaign. FEC rules appear to indicate that such a conversion is not allowed.

"Receipts that are reported as contributions from the candidate (rather than loans) may not later be converted into loans," an FEC publication states.

But an FEC spokeswoman said candidates can make that change if they indicate that the previous report was a mistake.

"If someone wants to file a complaint on it, we would look at it," she said.

Even before Roberts converted the \$67,500 from a contribution to a loan, he was facing questions about the money's origin and its use in his campaign.

He insists that the money was his to use even though he acknowledges that it originally came from a friend and that the loan at that time was still unpaid.

Roberts said he had the \$67,500 for several months before he bought cattle with it and then sold them soon thereafter without making a profit and put the money into his campaign.

The former state lawmaker's financial disclosure form filed with the U.S. House of Representatives, however, did not include any bank accounts with that kind of balance and did not list that loan from his friend along with the other loans he reported.

Federal regulations allow candidates to accept loans from friends for their campaigns, but those loans are limited to \$1,000 per election.

Roberts also has not produced any paperwork on the cattle sales this summer.

During his brief interview with reporters earlier in the week, Roberts said the \$67,500 loan was paid off with proceeds from an art auction he held in McAlester just before winning the Democratic nomination.

He said the auction, which reportedly involved art that has yet to be completed, produced \$150,000.

His latest amended campaign report covers the period just before the runoff election in September.

It puts Roberts' campaign contributions since launching his bid for a House seat at \$309,774. An earlier report listed that figure as \$373,966.

His latest FEC filing also reports expenditures so far at \$394,335, compared to the \$407,155 previously reported.

Roberts faces Republican incumbent Wes Watkins in November.

*Jim Myers can be reached at (202) 484-1424.*

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*Loans received by the candidate who turns them over to the campaign committee are from the lender and not considered personal loans from the candidate.*

November 22, 1985

This responds to your letter of October 3, 1985, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to the reporting of loans by your principal campaign committee.

You state that there are "entities" that are willing to make personal loans to you as a candidate but are not willing to make loans to your principal campaign committee, Citizens to Re-Elect Cardiss Collins.<sup>1</sup> You state that you in turn wish to loan these funds to your committee. You add that as a Member of Congress the personal loans to you are reportable in your financial disclosure report.<sup>2</sup>

You ask whether your committee may report the receipt of these funds as a personal loan from the candidate to the committee.

Commission regulations permit a candidate to make unlimited contributions, including loans, from the candidate's personal funds to her authorized committees. See 11 CFR 110.10(a) and Advisory Opinion 1984-60.<sup>3</sup> Such loans are reportable by the committee as loans made to the committee by the candidate. See 2 U.S.C. § 434(b)(2)(G) and (3)(E); 11 CFR 104.3(a)(3)(vii) and 104.3(a)(4)(iv). This procedure applies to loans to the committee from the candidate's personal funds.

The Act and Commission regulations, however, specifically provide that when a candidate receives a loan for use in connection with her campaign, the candidate receives such a loan as an agent of her authorized committee or committees. 2 U.S.C. § 432(e)(2); 11 CFR 101.2 and 102.7(d). Such loans are reportable by the committee and itemized as loans from the lender to the committee, rather than as loans from the candidate to the committee. 2 U.S.C. § 434(b)(2)(H) and (3)(E); 11 CFR 104.3(a)(3)(vii) and 104.3(a)(4)(iv); see also 11 CFR 104.3(d). Furthermore, the repayment of such loans are reported and itemized as disbursements to the lender. 2 U.S.C. § 434(b)(4)(E) and (5)(D); 11 CFR 104.3(b)(2)(iii) and 104.3(b)(4)(iii) and (iv).<sup>4</sup>

The Act further provides that loans by lending institutions described in the Act made in accordance with applicable law and in the ordinary course of business do not constitute contributions to the candidate or her authorized committees. 2 U.S.C. § 431(8)(B)(vii); 11 CFR 100.7(b)(11). Thus, any loans to a candidate as an agent of her authorized committees or to her authorized committees from persons or entities, other than those lending institutions described in the Act, come within the Act's definition of contribution. See 2 U.S.C. § 431(8)(A)(i); 11 CFR 100.7(a)(1). As contributions, such loans become subject to the prohibitions and limitations of the Act. See 2 U.S.C. §§ 441a, 441b, 441c, 441e, and 441f; Advisory Opinions 1982-64 and 1978-40.

You are a candidate who will receive personal loans which you then plan to loan to your committee. The Act specifies that you will be treated as receiving or obtaining these loans as an agent of your committee. Therefore, these loans do not qualify as your personal funds. Accordingly, your committee should report and itemize these loans as loans from the initial lender rather than as loans of your personal funds. See Advisory Opinions 1982-64 and 1978-40.

<sup>1</sup> Your principal campaign committee reported the receipt of \$38,660 in contributions during the period of January 1, 1985, through June 30, 1985. You filed your Statement of Candidacy on September 26, 1985. See 2 U.S.C. § 431(2) and 11 CFR 100.3.

<sup>2</sup> This report is filed with the Clerk of the House of Representatives pursuant to the Ethics in Government Act of 1978, 2 U.S.C. § 701 et seq. The Commission does not address any questions regarding the filing of your financial disclosure report since such questions are not within its jurisdiction.

<sup>3</sup> Commission regulations also define "personal funds." See 11 CFR 110.10(b); Advisory Opinions 1982-64 and 1978-40.

<sup>4</sup> The Act and regulations also provide that debts and obligations owed to or by a political committee which remain outstanding shall be continuously reported until extinguished. See 2 U.S.C. § 434(b)(8); 11 CFR 104.3(d) and 104.11. This reporting requirement attaches to both loans of a candidate's personal funds to her authorized committees and loans obtained by the candidate as an agent of her committees. This

2500  
204  
400  
2500

## Compliance

### MUR 4128/4362 Excessive Contributions Result In Civil Penalty

The respondents in these matters, concerning Grant Lally's candidacies for New York's 5th Congressional District seat in 1994 and 1996, have agreed to pay a \$280,000 civil penalty. The violations included making and receiving at least \$200,000 in excessive contributions and inaccurately reporting them as coming from Grant Lally's personal funds. Respondents included Grant Lally; his candidate campaign committee, Lally for Congress; his parents, Lawrence and Ute Lally; and Lally and Lally, Esquires. Grant Lally admitted the violations, and Lawrence Lally and Lally for Congress admitted that their violations were knowing and willful.

The excessive contributions occurred during the 1994 campaign, when Grant Lally reported making loans of \$319,991 to his committee. The investigation revealed that a large portion of the reported loans were actually contributions from the candidate's father.

Between May and October 1994, Lawrence Lally gave the candidate \$116,000. Lawrence and Grant Lally later stated that these funds were for the purchase of the candidate's share of real estate investment property in New York. Within days of receipt, the candidate deposited the funds into the committee's account as loans from the candidate. The Commission found that the \$116,000 was not for a bona fide purchase of the property. Lawrence Lally also authorized an \$18,000 payment to his son from an account in which Ute Lally had an interest. The respondents claimed that the \$18,000 was for the purchase of the candidate's 1966 Corvette, but the evidence demonstrated that there was no bona fide

sale of the automobile. The candidate also loaned the campaign \$74,491 from payments he received from Lally and Lally. These funds also were actually contributions from the candidate's father. Prior to the conciliation agreement, the Commission found probable cause to believe that Grant Lally, his candidate committee, his parents and Lally and Lally knowingly and willfully violated the Act. The funneling of payments through the candidate's account, the failure to create documents and/or notations related to the payments and the submission of false and inaccurate information to the Commission formed the basis for the knowing and willful findings.

The Act at 2 U.S.C. §441a(a)(1)(A) limits the amount that a person may contribute to any candidate or to that candidate's authorized committee. Contribution limits for an individual giving to a candidate committee are currently set at \$1,000 per election. While a candidate may give unlimited amounts to his or her campaign from personal funds, members of a candidate's family must adhere to the contribution limits set out in the Act. Additionally, candidates and political committees are prohibited from knowingly accepting contributions in excess of the Act's limitations. 2 U.S.C. §441a(f).

The agreement also included a matter which involved Grant Lally's 1996 campaign (MUR 4362). In that matter, the Commission found that Grant Lally violated 2 U.S.C. §432(e) when he accepted more than \$5,000 in contributions during 1995, but failed to file a Statement of Candidacy form until June 1996. Further, the Commission found that the committee misreported a debt and failed to disclose payments for 1994 consulting fees until 1995. 2 U.S.C. §434(b).

The Lally civil penalty is among the largest obtained by the FEC for violations of the Act and Commission regulations. ♦

### MUR 4617 Former Agriculture Secretary and Campaign Committee Agree to \$50,000 Civil Penalty

Former U.S. Agriculture Secretary Mike Espy has agreed to pay a \$10,000 civil penalty and his former campaign committee will pay another \$40,000 for improperly using a little more than \$50,000 in campaign funds to pay for legal services related to an ongoing Independent Counsel investigation apparently unrelated to his duties as an officeholder.

Before being named Agriculture Secretary in 1993, Mr. Espy had served as a Congressman from Mississippi's 2nd District. His authorized committee continues to be Mike Espy for Congress (the Committee). In 1994, an Independent Counsel was appointed to investigate some of Mr. Espy's activities, and he retained a law firm to represent him. On campaign disclosure reports filed with the Commission, the Committee reported \$50,244 in legal fees related to the investigation.

The Federal Election Campaign Act states that excess campaign funds may not be converted to personal use, other than to defray the ordinary and necessary expenses incurred in connection with an officeholder's duties. 2 U.S.C. §439a. It is important to note that the term "officeholder" does not include Cabinet Secretaries.

Mr. Espy stated that he actually owed the law firm over \$300,000 for services related to the investigation. Of this amount, he claimed, the payment of \$50,244 would not have been necessary but for his having been a Congressman or federal candidate. The Committee, however, produced no invoices to document this claim, citing the need to preserve attorney-client privilege in the ongoing criminal investigation by the Independent Counsel. Further, none of the 39 counts in the

**AO 1980-34**

*The proceeds from the sale of donated artwork are considered contributions.*

May 23, 1980

This responds to your letter of March 31, 1980, as supplemented by letter of April 23, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to the donation and subsequent sale of artwork by the Connally for President Committee ("the Committee").

Your letter states that several artists have offered to create artwork (i.e., paintings and sculpture) and to donate it to the Committee. The Committee intends to accept the art from the artists, and to reimburse them in full for the cost of the basic materials used to create the artwork and for the cost of transporting it to the Committee.

After receipt of the art objects, the Committee intends to retain an independent art dealer to sell the artwork in accordance with normal business practices, e.g., through sales in a gallery, auction, or otherwise. The Committee will not publicize the sale of its artwork; the dealer will be instructed either to identify the art merely as part of "the Connally Committee Collection" in order to assure potential buyers of the soundness of the seller's title to the art or alternatively, the art dealer will be instructed not to reveal the owner's identity.<sup>1</sup> The dealer will at no time suggest to the public that the art sale is being conducted to solicit campaign contributions from the public. The purchaser will pay the dealer for the artwork in cash or by check made out to the art dealer. After deducting a normal commission, the dealer will transmit the remainder of the funds received to the Committee. Under these circumstances you ask the Commission to determine:

- (1) Whether the donation of the artwork to the Committee constitutes a contribution by the artist, and
- (2) Whether the subsequent purchase of the artwork would represent a contribution from the individual purchaser.

In answer to your first question, the Commission concludes that because the Committee will reimburse the artist for the cost of the materials used to create the artwork, the time and effort supplied by the artist in creating the artwork does not constitute a contribution from the artist to the Committee. The Commission has previously recognized that the donation of an artist's services to create a work of art specifically for a candidate or political committee is analogous to the free appearance of a performer at a fundraising event for a candidate and would fall within the volunteer service exception of 2 U.S.C. § 431(8)(B)(i) and 11 CFR 110.7(b)(3). See Advisory Opinions 1979-35 and 1975-97, copies enclosed.

As to your second question, it is the Commission's view that the Committee's sale of the artwork is fundraising activity since the funds so raised will be transmitted to and spent by the Committee to retire its outstanding obligations which were incurred for the purpose of influencing a Federal election. The fact that the Committee sells the artwork through the agency of an independent art dealer (rather than selling it directly,<sup>2</sup> that payment is made to the art dealer (and subsequently transmitted to the Committee), and that the purchaser receives "a valuable and aesthetically pleasing asset" in exchange for such payment does not change the essential character of the activity from fundraising into a commercial sale/purchase transaction. See Advisory Opinions 1979-17, and 1979-76, copies enclosed.

The Commission has previously recognized that a person who transmits money to a political committee or candidate — any portion of which is available to be spent for the purpose of influencing an election — has made a contribution<sup>3</sup> in the full amount of the funds so transmitted. See Advisory Opinions 1975-15, and 1975-49, copies enclosed. Accordingly, the Commission concludes that the full amount of the purchase price paid by the individual for the artwork constitutes a contribution from the individual to the Com-

U.S.C. §§ 441a, 441b, 441c, and 441e. Likewise, all financial transactions of the Committee related to the sale of the artwork to the contributors, the reimbursement to the artist for the basic materials and the commission paid to the art dealer, are reportable under 2 U.S.C. § 434. Furthermore, because of the political purpose underlying the procurement and sale of the artwork, namely to engage in a political fundraising activity and thereby support and aid a candidate's campaign by the retirement of its debts, the Committee should instruct the art dealer to identify the art as part of the Connally Committee Collection and to advise potential buyers that the proceeds of the "sale" are political contributions to the Committee. Compare Advisory Opinions 1979-6, 1977-8, and 1977-23, copies enclosed.

The Commission expresses no opinion as to any tax ramifications in the foregoing situation since those issues are outside its jurisdiction.

<sup>1</sup> You state that the Committee will abide by whichever formula the Commission concludes would be consistent with the Act.

<sup>2</sup> The Commission notes that the provisions of 11 CFR 104.13 do not apply to the situation presented here since donation of the artwork to the Committee originally was not a contribution by virtue of the volunteer service exception at 2 U.S.C. § 431(B)(8)(i). Section 104.13 would apply to a subsequent sale of the artwork by the Committee only if it had initially been treated as a contribution at its fair market value.

<sup>3</sup> Interest from a campaign committee's savings account or income from investments are not considered to be contributions. See Advisory Opinions 1975-41, and 1976-25, copies enclosed.

such purchases do not intend thereby to make a contribution to a political candidate, or are, at the least, little interested in making such contribution as contrasted with obtaining an item which they would likewise be happy to purchase commercially even if there were no political stimulus for doing so. Only if the purchase price of such painting or ticket exceeds the normal purchase price for such an item should any contribution be thereby deemed to have been made by such purchaser to a political candidate.

In light of the legislative history on this point and the manifest inequity of the Commission's treatment of such in-kind contributions by artists and entertainers, I take strong exception to the prevailing Commission view that construes such activity to be a contribution in toto by the purchaser and no contribution by the artist or entertainer. To the contrary, I would hold that it is a contribution by the artist or entertainer and would limit the value of such contributions to the same one thousand dollars which applies to other individual contributions. As regards the purchasers of these items, I would hold that no contribution has thereby been made by them to political campaigns as long as the prices paid by them do not exceed those which would otherwise be deemed commercially reasonable.

### Dissent of Commissioner Frank P. Reiche

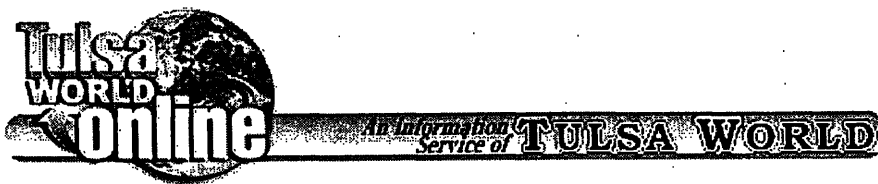
May 22, 1980

In Advisory Opinion 1980-34 the Commission, by a 4-1 vote, held that the donation by artists of paintings and sculpture to the Connally for President Committee, did not constitute contributions by the artists to the Committee. Instead, the Commission determined that the purchase of these works of art by third parties constituted contributions to Mr. Connally's committee in the full amount paid by such purchasers even though the prices paid were those which one presumably would have had to pay on the open market and even though the contributors in all probability did not intend thereby to make a contribution to the Connally Campaign.

I find this result totally unrealistic and inequitable to the parties involved. It is also at variance with the facts and with the legislative intent and purpose in excluding from the definition of "expenditures" under the Act volunteer services rendered to campaigns. While this is the view which the Commission has consistently taken in such matters, I find it abhorrent to a sense of fair play because it thereby permits one individual to contribute many times that which other individuals can contribute to political campaigns. The rock star or the stand-up comedian, for example, may thereby donate services worth literally hundreds of thousands of dollars while the ordinary individual is limited to contributions not exceeding one thousand dollars (\$1,000) per election. The volunteer services exception, which was introduced by Senator Buckley in 1971, was designed not to permit the donation of unlimited professional services to a campaign, but rather was intended to encourage grassroots participation in the day-to-day conduct of political campaigns. It is the volunteer working at campaign headquarters that this exception was designed to protect, not the professional entertainer or artist seeking a means of contributing significantly to the campaigns of those candidates whom they favor.

Turning our attention to the individual who purchases a painting or buys a ticket to the concert, the proceeds of which are donated to a political candidate, the vast majority of people making





Headline:

## Cattlemen say Walt Roberts forced to quit

Author:JIM MYERS World Washington Bureau

***Walt Roberts, right: Less than a year after accepting a job with a Texas cattle group, he was forced out.***

WASHINGTON -- Walt Roberts' current woes over an alleged cattle sale and campaign contribution are not his first tied to money and cows.

Less than a year after the 3rd District congressional hopeful accepted a job with a Texas cattle group while still being paid for serving in the Oklahoma House of Representatives, Roberts was forced out of his new job in February 1993.

During a primary election last week, Roberts led a field of four Democratic candidates for the 3rd District nomination. He faces State Sen. Darryl Roberts of Ardmore in the runoff election.

In 1993, Walt Roberts was executive vice president of the Texas Simmental/Simbrah Cattle Association.

"He was given an option -- quit or be fired," said Lytle Tom, who was president of the association at the time.

Roberts resigned.

Minutes of the group's Feb. 12, 1993, board meeting indicate Roberts could not leave soon enough for board members.

The board had just voted to go into executive session when Roberts was allowed to address its members.

He submitted his resignation, and the minutes of the meeting indicate he was going to pursue a position with the U.S. Department of Justice with the Clinton Administration in Washington.

Roberts wanted to hang on until April 1, almost two months later.

Following the executive session, however, the board unanimously approved a motion for Roberts' resignation to take effect that same day.

"He was going through our money like it was going out of style," Tom Ford said when asked why the board insisted that Roberts leave immediately.

Ford, who served on the board at the time, described the cattle business as low-profit, adding that its money must be handled conservatively.

Tom's version of events is much more serious.

He said Roberts could no longer be trusted, and he said questions arose concerning the handling of a document and an account at a Fort Worth bank.

Tom said the questionable bank documents may not have been discovered until after the Feb. 12, 1993, board meeting, and the matter was dropped.

Jerry Kidd, who served as the group's secretary, did not return repeated phone calls to his office and

home.

Ford said no evidence was ever presented indicating that Roberts did anything illegal. Carol Faulkenberry, a former staff member who worked with Roberts, believed the problem with the bank account was simply a misunderstanding, and that some on the board jumped to an incorrect conclusion.

Sarah Buxkemper, who joined the board following Roberts' resignation, is much harsher in her assessment of Roberts' job performance.

Buxkemper said he clearly abused his position. She expressed dismay that he is running for Congress.

Just months before he was forced out, Roberts clearly had strong support from the board.

"He was the most impressive person I had ever seen," Tom said, describing Roberts as very talented.

"A man with that kind of talent should be worth a million dollars," he said.

Both Tom and Buxkemper question Roberts' integrity, and Ford conceded Roberts told "people what they wanted to hear."

"He took the easiest way out on everything," Ford said.

Roberts took the Texas job while still a member of the Oklahoma House of Representatives.

The McAlester Democrat did not resign his legislative post and missed hundreds of votes.

As he was launching his congressional campaign this year, Roberts explained his decision to take the Texas job but keep his legislative post and salary by saying he needed to help out his parents, who were struggling financially.

Moreover, he said, there was not enough time to hold a special election to fill a vacancy since the legislative sessions end in May.

That was not what was reported in newspaper stories in the spring of 1992.

At that time, Roberts was quoted as saying he was leaving the Legislature because the voter-approved term limits made it impossible for someone like him to have a future there.

No mention was made of his parents' financial problems.

In 1993, Roberts was earning \$32,000 a year as a lawmaker; Tom said he earned between \$30,000 and \$40,000 in his post with the cattle group.

Neither Roberts nor his campaign manager returned phone calls for comment.

*Jim Myers can be reached at (202) 484-1424.*

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# PRIMARY ELECTION REPORT NOTICE

FEDERAL ELECTION COMMISSION

**OKLAHOMA**  
Congressional Committees

July 20, 1998

## FOR COMMITTEES INVOLVED ONLY IN THE PRIMARY (08/25/98)

REPORT	REPORTING PERIOD*	REG./CERT. MAILING DATE**	FILING DATE
Pre-Primary	07/01/98 - 08/05/98	08/10/98	08/13/98
48 Hour Notices	08/06/98 - 08/22/98	See Filing Information	
October Quarterly	08/06/98 - 09/30/98	10/15/98	10/15/98

\*These dates indicate the beginning and the end of the reporting period. A reporting period always begins the day after the closing date of the last report filed. If the committee is new and has not previously filed a report, the first report must cover all activity that occurred before the committee registered.

\*\* Reports sent by registered or certified mail must be postmarked by the mailing date; otherwise, they must be received by the filing date.

## FOR COMMITTEES INVOLVED IN BOTH THE PRIMARY (08/25/98) AND RUNOFF (09/15/98)

REPORT	REPORTING PERIOD*	REG./CERT. MAILING DATE**	FILING DATE
Pre-Primary	07/01/98 - 08/05/98	08/10/98	08/13/98
48 Hour Notices	08/06/98 - 08/22/98	See Filing Information	
Pre-Runoff	08/06/98 - 08/26/98	08/31/98	09/03/98
48 Hour Notices	08/27/98 - 09/12/98	See Filing Information	
October Quarterly	08/27/98 - 09/30/98	10/15/98	10/15/98

\*These dates indicate the beginning and the end of the reporting period. A reporting period always begins the day after the closing date of the last report filed. If the committee is new and has not previously filed a report, the first report must cover all activity that occurred before the committee registered.

\*\* Reports sent by registered or certified mail must be postmarked by the mailing date; otherwise, they must be received by the filing date.

**More Information**

2000-07-07 10:00:00

## **Primary Filing Information**

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### **WHO MUST FILE**

Principal campaign committees of congressional candidates (including unopposed candidates) who seek nomination in the primary/convention must file the above reports and notices. If the campaign has more than one authorized committee(s), in addition to the principal campaign committee, the principal campaign committee must also file a consolidated report on Form 3Z.

### **48 HOUR NOTICES ON CONTRIBUTIONS**

Notices are required if the committee receives contributions (**including in-kind gifts or advances of goods or services; loans from the candidate or other non-bank sources; and guarantees or endorsements of bank loans to the candidate or committee**) of \$1,000 or more, during the applicable reporting period.

The notices must reach the appropriate federal and state filing offices within 48 hours of the committee's receipt of the contribution(s). U.S. House candidates faxing 48-hour notices should transmit them to the FEC at 202/219-0174. Senate candidates should transmit them to the Secretary of the Senate at 202/224-1851. Note that 48-hour notices are the only FEC documents that may be faxed.

### **COMPLIANCE**

Treasurers of political committees are responsible for filing all reports on time. Failure to do so is subject to enforcement action. Committees filing illegible reports or using non-FEC forms (except for FEC approved computer generated forms) will be required to refile.

### **ELECTRONIC FILING**

Political committees have the option of filing electronically. If you are interested in this option, review the information on electronic filing, and call the Data Division at (800) 424-9530 or (202) 694-1250.

For more information, call (800) 424-9530 or (202) 694-1100.

**Return to 1998 Reporting Schedule**

24-400-0000

UNITED STATES HOUSE OF REPRESENTATIVES FINANCIAL DISCLOSURE STATEMENT		FORM B For use by candidates and new employees	
Period Covered: January 1, 1997 - July 1, 1998		RECEIVED LEGISLATIVE RESOURCE CENTER JUL 20 AM 11:24	
Filer Status		JUL 14 1998 (Office Use Only)	
Walter L. Roberts		A \$200 penalty shall be assessed against anybody who files more than 30 days late.	
507 W. Crockett		918 423 9758 Daytime Telephone	
McAlester, OK 74501		C-check if Amendment <input type="checkbox"/>	
<input checked="" type="checkbox"/> Candidate for the House of Representatives		State: OK District: 3 Date of Election:	
<input type="checkbox"/> New officer or employee		Employing Office:	

In all sections, please type or print clearly in black ink.

### PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of \$200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IV. Did you hold any reportable positions on or before the date of filing in the current calendar year or in the prior two years? If yes, complete and attach Schedule IV.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
II. Did you, your spouse, or a dependent child receive "unearned" income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, complete and attach Schedule II.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	V. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule V.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
III. Did you, your spouse, or a dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, complete and attach Schedule III.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	VI. Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, complete and attach Schedule VI.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

### EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or a dependent child? (See Instructions, pages 10-11.)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

### CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1976, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

SIGNATURE OF REPORTING INDIVIDUAL

*Walter L. Roberts*

DATE (Month/Day/Year)

7/10/98

**This page may be copied if more space is required.**

Page 1 of 1

**For additional assets and unearned income, use next page.**

### SCHEDULE III — LIABILITIES

Name **Walter L. Roberts**

Page **1** of **1**

Report liabilities of over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the reporting period. Exclude: Any mortgage on your personal residence (unless there is rental income); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the end of the reporting period exceeded \$10,000. For further information, see Instructions, pages 21-22.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability										
			B	C	D	E	F	G	H	I	J	K	
	<i>Example:</i> First Bank of Wilmington, Delaware	Mortgage on 123 Main Street, Dover, Del.	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	
	White Building	Real Estate Mortgage			X								
	Truck-- The Bank N A	Auto Loan		X									
	The Bank N A	Revolving Account		X									
	Banc First	Revolving Account		X									
	First National Bank and Trust	Revolving Account		X									

### SCHEDULE IV — POSITIONS

Report all positions, compensated or uncompensated, held on or before the date of filing during the current calendar year and in the two prior years as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. For further information, see Instructions, page 26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
None	

Use additional sheets if more space is required.



Page 1 of 1

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer. For further information, see Instructions, pages 26-27.

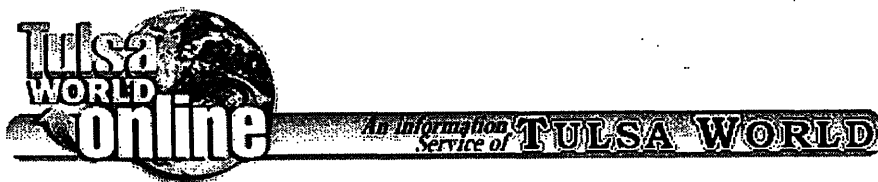
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**SCHEDULE VI—COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE**

Report sources of such compensation received by you or your business affiliation for services provided directly by you during the two prior years. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any nonprofit organization if you directly provided the services generating a fee or payment of more than \$5,000. Exclude: Payments by the U.S. Government and any information considered confidential as a result of a privileged relationship recognized by law. For further information, see Instructions, page 27.

<b>Source (Name and Address)</b>	<b>Brief Description of Duties</b>
<i>Example:</i> Doe Jones & Son, Hometown, Horsetail	Accounting services
Silboe Law Firm, 123 E. Carl Albert Mclester, OK	Consulting Services
Klamachi Electric Coop. Inc., Wilburton, OK	Consulting Services

GPO (5-7) 34-551 (Rev. 4)



Headline:

## **Roberts' story keeps changing**

Author: Jim Myers World Washington Bureau

**Congressional candidate told a newspaper that he got a loan to buy some cattle, sold the cattle and kept the profit.**

WASHINGTON -- Oklahoma congressional hopeful Walt Roberts sparked new questions Thursday concerning the legality of his campaign funds after once again altering his story about the \$120,000 he has put into his own campaign this year.

Roberts, who has ducked questions for days about the source of the money, has not handed over any documentation to back up his various explanations of the campaign funds.

When reached at a campaign appearance at a Madill Pizza Hut Thursday night, he once again said he would not respond to questions at this time.

Roberts told the latest version to the Shawnee News-Star on Wednesday.

According to the newspaper, Roberts said he received a loan from a "friend" around Aug. 1 to purchase cattle and then sold the cattle soon after that.

Instead of paying off the loan, he said the proceeds -- about \$65,000 -- from the cattle sale went into his campaign.

Roberts refused to identify the "friend" who loaned him the money in the first place and insisted the loan was not connected to his campaign.

Still, if money from the loan ended up in his campaign, Roberts could be in violation of federal election laws.

A spokeswoman at the Federal Election Commission said loans from an individual instead of a bank are treated the same as contributions.

That means they are limited to \$1,000 per election, and the source must be identified.

Roberts' friend, therefore, could loan him only a total of \$3,000 this year or \$1,000 each for the primary, runoff and the general elections.

State Sen. Darryl Roberts, his 3rd District runoff opponent, has called for Walt Roberts to explain the mysterious campaign money.

Darryl Roberts was not available to respond to Walt Roberts' latest explanation.

Don Hoover, his campaign consultant, however, dismissed it and accused Walt Roberts of lying and possibly violating laws.

"I don't believe there were any cattle, and I think that's becoming clear to the people of the 3rd District," Hoover said.

"Secondly if after telling one story after another, he is finally telling the truth, he apparently sold mortgaged cattle, and it would be my opinion that he violated the law."

Federal law, he added, requires that money a candidate puts into his campaign must come from his own sources or a bank loan.

"He has told one lie after another lie to the point that he can't remember the lies he has told," Hoover said. "I would suspect he has serious problems with the FEC and the Congress of the United States."

In Walt Roberts' first attempt to explain the campaign funds, he told the Tulsa World that cattle were not listed on his financial disclosure form he filed with the U.S. House of Representatives because an assistant mistakenly listed horses instead of cattle.

Roberts later changed that story to say he did not own the cattle in question at the time he filled out the financial disclosure form in July.

His financial disclosure form does not indicate he could come up with \$120,000 to put into his campaign. He reported his earned income at less than \$18,000 in the first half of 1998.

Roberts' assets were an auction building valued at between \$50,000 and \$100,000 and horses valued at between \$15,000 and \$50,000.

No bank accounts, either checking or savings, were listed.

Roberts reported his debts at between \$110,000 and \$300,000, and that included revolving loans with The Bank N.A. and two other banks.

Another loan document on file at the Pittsburg County Courthouse indicates Roberts is not the only one on the mortgage for his largest asset.

State Sen. Gene Stipe, a major supporter of Roberts and something of a mentor for years, and his wife, Agnes, also have signed the mortgage on the real estate.

The Bank N.A. of McAlester also holds the note, which is for \$75,361 and runs for five years.

Stipe, whose law firm has paid Roberts consulting fees in the past, and several of his relatives have given Roberts another round of campaign contributions for the upcoming runoff, according to FEC records.

Those records appear to have been sent to the FEC from a fax machine in the Stipe law firm.

Roberts told the Shawnee paper he has filed an amended financial disclosure form with the House, but it was not available Thursday at that office.

He also said news reports that loan documents on file at the Pittsburg County Courthouse indicating his cattle were mortgaged were inaccurate.

"I have a letter from the bank and a lien release which was issued Tuesday," Roberts said.

The Pittsburg County Clerk's office confirmed releases have been filed on the previous loan documents, which were still active earlier in the week. That would indicate the cattle sold earlier this summer were mortgaged, according to county documents.

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